THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRIMATI SUMITRA MAHAJAN): (a) to (c) Considering that the PDS Kerosene and Domestic LPG are domestic fuels of mass consumption, the Government has decided that the Oil Marketing Companies will not increase the selling prices of these products during 2003-04. The resultant under-recoveries of the Oil marketing Companies, projected to be around Rs. 8200 crore, would be absorbed/ shared amongst the public sector oil & gas companies.

Gas shortage in Eastern States

72. SHRI AMAR SINGH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government are aware that Eastern States have been facing shortage of gas which has resulted in the economic regional imbalances and fertilizer and power plants have been adversely affected due to non-availability of gas;

(b) if so, the details thereof and in what manner Government propose to make up the shortage; and

(c) whether the proposal for the import of Gas from Bangladesh has materialised and if so, the details thereof and it not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRIMATI SUMITRA MAHAJAN): (a) and (b) Presently, there is no availability of natural gas in the Eastern States. The Power and Fertilizer Plants in these States are also not gas based but based on alternate fuels/feedstocks. However, the Government have taken steps to encourage domestic production of natural gas by awarding Exploration and Production Blocks under New Exploration Licensing Policy (NELP) and Coal Bed Methane (CBM) rounds. Government is also pursuing gas imports from Bangladesh and Myanmar.

(c) The initiative to import gas from Bangladesh has not progressed further because the Government of Bangladesh is yet to take a decision to export gas to India.

Notification of gas pipeline policy

73. SHRI K. RAMA MOHANA RAO: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Government are in the process of finalizing a policy for laying gas pipeline across the country;

(b) if so, the salient features of the proposed policy;

(c) whether it is also a fact that in the month of September, 2003, Government notified Natural Gas Pipeline Policy;

(d) if so, the details thereof; and

(e) in what manner it will help the common man?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRIMATI SUMITRA MAHAJAN): (a) Yes, Sir.

(b) The salient features of the proposed Gas Pipeline Policy are as follows :

1. All the natural gas pipelines will be laid in accordance with the authorization granted by the regulator.
2. All trunk pipelines covering more than one State or operating at a pressure more than the notified level will be built/managed by a Company to be notified by the Government and till it is notified by GAIL.
3. Subject to prior permission of the regulator, any producer of gas will have the right to sell gas within 100 kms of well head or land fall point to consumers directly and lay the pipeline for this purpose.
4. All gas pipelines except captive transmission gas pipelines laid for exclusive use of a large consumer will be built on common carrier principle.
5. The pipelines will be used by all players on non-discriminatory basis.
6. Tariff for the transmission pipeline and/or for the distribution pipelines would be approved by the regulator.
7. To promote and develop the gas sector, a National Advisory Council will be set up.

(c) to (e) On September 29,2003, Government had released the Draft Natural Gas Pipeline Policy for the development of Natural Gas sector, inviting comments from various stake holders.

Draft Pipeline Policy has features which would promote investment in gas pipelines and will provide a policy framework for the systematic development of gas sector. The development of pipeline network will

†Original notice of the question was received in Hindi.

facilitate transportation of gas available from various sources to different regions in the country which will be utilized by the .core sectors like Power, Fertilizer, Steel and Transport and other small consumers.

Investment made in Sakhalin Project

†74. SHRI RAM JETHMALANI:

SHRI KAPIL SIBAL:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the O.N.G.C. Videsh Ltd. had made an investment in the Sakhalin Oil and Gas Project of Russia in the recent past;

(b) if so, the total amount invested therein alongwith the estimated dividend on the same;

(c) whether it is a fact that the increase in the production cost of the project has now been estimated; if so, the details of the fresh estimate made; and

(d) what will be the rate of dividend on the invested capital after that?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRIMATI SUMITRA MAHAJAN): (a) to (d) ONGC-Videsh Limited (OVL) has so far invested US$921.31 million (Rs. 4,238 crore, approximately) in the Sakhalin-I Project of Russia. Revision of cost estimates in oil and gas projects is a normal industry practice as the projects progress from the initial exploration phase to the development phase. During this process, costs and schedule get refined, based on factors such as reserve estimates, technological aspects and financial & economic parameters.

ONGC-Videsh Limited (OVL) has informed that in the case of Sakhalin-I Project, the current estimated reserves for oil and gas are higher as compared to the reserves estimated at the time of approval of the project, thus inter alia necessitating higher costs which are not final as of today.

Further, OVL has informed that as per the present scenario, the expected rate of return between 10-12% still remains attractive.

†Original notice of the question was received in Hindi.